MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2210)

PMA0064– ESSENTIALS OF MANAGEMENT ACCOUNTING

(Foundation in Management)

7 FEBRUARY 2023
9.00 a.m - 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FOUR** pages (excluding the cover page) with 4 questions only.

2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Write your answers in the answer booklet provided.

Question 1

The following is the estimated cost for Zonita Ltd. There are two production departments namely P1 and P2 and two service departments namely S1 and S2.

	Total	P1 (RM)	P2 (RM)	S1 (RM)	S2 (RM)
Direct material		6,000	10,000	4,000	2,000
Indirect material		42,000	32,000	22,000	12,000
Indirect labour		14,000	16,000	4,000	10,000
Electricity	240,000				
Depreciation of Machines	160,000				
Insurance of Machines	80,000				
Supervisory cost	40,000				

Additional information:

	P1	P2	S1	S2
Floor area (square meters)	2,000	4,000	2,000	2,000
Number of employees	60	80	20	40
Kilowatt hours	8,000	2,000	4,000	2,000
Value of Machines (RM)	100,000	200,000	60,000	40,000
Machine hours	20,000	40,000		
Labour hours	40,000	60,000		
Service hours	4,000	6,000		

S2 supports the three departments based on a proportion of 50% (P1); 30% (P2); 20% (S1). S1 services the two production departments based on service hours.

At the year end Zonita Ltd. reported the below actual production information:

	P1	P2
Production overhead	RM 600,000	RM 500,000
Machine hours	30,000	80,000
Labour hours	20,000	60,000

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Required

a) Compute overhead absorption rates (OAR) for the production departments using the following bases of apportionment:

i) Rate per labour hour for P1

ii) Rate per machine hour for P2 (21 marks)

b) Determine if it is over or under absorbed for the production departments. (4 marks)

(Total 25 marks)

Question 2

The following company uses process costing in their costing system. The following data concern the operation's first processing department for December 2022. Direct materials and conversion cost are added continuously throughout the process.

Units started into production during the month	13,000
Units completed and transferred out during the month	12,100
Costs added to production during the month:	
Direct materials cost	RM222,000
Conversion cost	RM420,000
Work in process, 31 December 2022:	
Units in process	900
Percentage of completion with respect to direct materials	80%
Percentage of completion with respect to conversion cost	20%

Required

a) Compute the total equivalent units for direct materials and conversion cost.

(8 marks)

b) Compute the cost per equivalent unit for direct materials and conversion cost.

(6 marks)

c) Compute total cost per completed unit. (2 marks)

d) Compute the cost of completed production. (2 marks)

e) Compute cost of ending work in process inventory. (7 marks)

(Total 25 marks)

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Question 3

Kookies Electronics uses activity-based costing to assign costs to their products. The following information has been allocated.

Activity cost pool	Cost driver	Cost (RM)
Product reengineering	Number of product re-engineering notices	160,000
Factory power	Kilowatt hours	80,000
Material storage	Direct material cost	84,000
Material disbursement	Production runs	28,000

There are 3 types of electronic chips produced by this company: X1, X2, and X3. Direct costs and cost driver activities for the three products are stated below:

Details	X1	X2	X3
Direct labour cost (RM)	10,000	6,000	24,000
Direct material cost (RM)	26,000	10,000	12,000
Production runs	40	20	20
Kilowatt hours	3,000	4,000	3,000
Product reengineering notices	8	10	4

Required

a) Compute the activity cost driver rate. (4 marks)

b) Compute total product cost of X1, X2 and X3. (21 marks)

(Total 25 marks)

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Question 4

Najoma firm manufactures and sells product AE. The information about product AE as follows:

	RM
Selling price	50
Variable manufacturing cost	10
Variable selling and administration cost	6

Details for the month of August, September and October are as follows.

	August	**September**	**October**
Production of AE	700 units	1,000 units	1,650 units
Sales of AE	600 units	1,100 units	1,600 units
Fixed manufacturing overhead	RM6,200	RM6,200	RM6,200
Fixed non-manufacturing cost	RM3,750	RM3,750	RM3,750

The normal production of product AE is 500 units.

Required

a) Compute production cost per unit using absorption method and marginal costing method. (1 mark)

b) Prepare the income statement for August, September and October based on absorption costing approach. (13 marks)

c) Prepare the income statement for August, September and October based on marginal costing approach. (11 marks)

(Total 25 marks)

The End of Paper